

Half Year Report 2012

Key figures EUR thousands (except earnings per share)	Q2 2012	Q2 2011	Q1 2012	1st half 2012	1st half 2011
Revenues	96,121	57,851	90,670	186,791	113,022
Gross margin in % (excluding acquisition-related amortization)	54%	51%	53%	54%	51%
Result from operations	21,329	7,623	18,310	39,639	15,775
Net result	19,691	6,571	19,246	38,937	14,000
Basic / diluted earnings per share in CHF ¹⁾	1.87 / 1.77	0.80 / 0.78	1.81 / 1.75	3.68 / 3.53	1.74 / 1.70
Basic / diluted earnings per share in EUR	1.56 / 1.48	0.65 / 0.63	1.50 / 1.46	3.06 / 2.93	1.37 / 1.34
Total backlog (excluding consignment stock)	106,788	61,949	100,486	106,788	61,949

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Continued growth in the second quarter; 2012 revenue growth expectation increased to around 40% year-on-year; full year 2012 EBIT margin expected to exceed 20%

Report to shareholders on the first half of 2012

Ladies and Gentlemen,

Our second quarter and first half results demonstrate the strong demand for our high performance analog solutions and the expansion of our diversified global customer base. Ever more OEMs are relying on ams products for their success while we continue to create exciting opportunities for future growth.

Financial results

Second quarter group revenues grew to EUR 96.1 million, an increase of 66% from EUR 57.9 million in the same quarter 2011 and up 6% sequentially compared to the first quarter. Group revenues for the first half of 2012 were EUR 186.8 million, an increase of 65% from EUR 113.0 million recorded in the first half of 2011. On a constant currency basis, second quarter revenues were 54% higher compared to the second quarter last year and first half revenues were up 57% compared to the first half 2011.

In the second quarter, gross margin was 54% excluding acquisition-related amortization and 52% including acquisition-related amortization, compared to 51% in the same quarter 2011. For the first half of 2012, gross margin increased to 54% excluding acquisition-related amortization and 51% including acquisition-related amortization, compared to 51% in the first half of 2011.

The result from operations (EBIT) for the second quarter was EUR 21.3 million, up 180% from EUR 7.6 million in the second quarter of 2011. This result reflects the successful expansion of our business in attractive growth markets and the ongoing market success of our customers. For the first half of 2012, EBIT was EUR 39.6 million, compared to EUR 15.8 million in the same period last year.

The net result for the second quarter was EUR 19.7 million compared to EUR 6.6 million in the same period last year. Basic and diluted earnings per share for the second quarter were CHF 1.87/1.77 or EUR 1.56/1.48 (CHF 0.80/0.78 or EUR 0.65/0.63 for the second quarter 2011). The net profit for the first half year 2012 was EUR 38.9 million, equivalent to CHF 3.68/3.53 or EUR 3.06/2.93 per share (basic/diluted), compared to EUR 14.0 million, i.e. CHF 1.74/1.70 or EUR 1.37/1.34 per share (basic/diluted), for the same period last year.

Operating cash flow for the second quarter was EUR 24.8 million, up EUR 8.5 million from the same quarter last year, while operating cash flow for the first half was EUR 49.4 million, up EUR 18.5 million from the first half year 2011. Total backlog on June 30, 2012 (excluding consignment stock agreements) was EUR 106.8 million, compared to EUR 100.5 million at the end of the first quarter (EUR 61.9 million on June 30, 2011).

Business overview

ams' business performed strongly in the second quarter and first half of 2012. This positive development was driven by our expanding range of high volume applications at major OEMs. We combined revenue growth with an ongoing improvement in margins which demonstrates the benefits of ams' products for customers as well as our strong supply chain model.

In our Consumer & Communications business, we recorded attractive growth across product lines. As the global leader in integrated optical sensors we continued on our growth path increasing market penetration and customer reach. Shipment volumes rose through the second quarter reflecting our customers' market success and the expansion of our presence at top tier vendors. Best-in-class sensor solutions and outstanding sensitivity make us the provider of choice for a major share of leading smartphone and mobile device OEMs. Shipments of our lighting and power management ICs to handset and mobile device vendors also remained at healthy levels.

Answering next generation power management demands, we recorded first design-ins of a new PMIC product for tablet PCs and mobile devices built around a leading vendor's graphics processor solution. With our success based on superior performance at a reduced footprint we see attractive market opportunities in this area going forward. MEMS microphone driver shipments continued their upward trend during the quarter supporting our market leader position and the expectation of further attractive growth in this market in 2012. New sensor technologies for smartphones and mobile devices remain an area of substantial activity as mobile device OEMs look for ways to add innovative features and applications into their future models.

In the second quarter we started volume shipment of our active antenna NFC solution for mobile payment. The leading-edge solution allows full integration of EMV-compliant NFC functionality into SIM or microSD cards using the industry's smallest antenna form factor with virtually a 100% read rate. We see very high levels of interest for this innovation which enables more payment providers to participate in the NFC mobile payment opportunity. We are well positioned in this upcoming market which we expect to offer significant growth potential for ams in the coming years.

Our industrial and medical business delivered positive results in the second quarter and first half, driven by the success of our differentiated sensor and sensor interface products and solutions. In our industrial target markets we see pockets of very good strength while other market areas are facing a more mixed demand environment. Our medical business showed a robust development in the second quarter. Run rates for our digital imaging solutions, particularly our break-through computer tomography sensor (CT) solution, continued to expand as our CT imaging customer is leveraging its technological advantages in this market. Overall, our industrial and medical business remains healthy as we enter the second half of 2012.

In Automotive, our business developed positively in the first half, driven by sensor and sensor interface solutions for critical in-car systems. We see our automotive business expanding this year based on new platforms, our technology portfolio and the multi-year trend for more sensor capabilities in vehicles. Across our markets, design-in activities continue to show attractive momentum as we are seeing strong interest from both direct OEMs and distribution accounts for our products. In operations, we are implementing the planned 2012 expansion of our Philippines test facility to support the ongoing and projected growth in product volumes and our foundry business contributed positively to our results.

Outlook

Based on available information, we are increasing our revenue guidance once again and now expect full year 2012 revenue growth of around 40% compared to last year. Given ongoing improvements in profitability, we also expect 2012 EBIT margins to exceed 20% on a full year basis. We confirm our positive outlook for 2012, particularly as our business in the growth markets for smartphones, tablet PCs and mobile devices continues to expand.

Unterpremstaetten, July 23, 2012

John Heugle, CEO
Michael Wachslar-Markowitsch, CFO

Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q2 2012	1st half 2012	Q2 2011	1st half 2011
Revenue Products	89,856	174,060	49,824	97,901
Revenue Foundry & Other	6,265	12,731	8,027	15,121
Total revenues	96,121	186,791	57,851	113,022
Cost of sales	- 46,308	- 91,081	- 28,287	- 55,326
Gross profit	49,813	95,710	29,564	57,695
Gross margin in % (excluding acquisition-related amortization)	54%	54%	51%	51%
Gross margin in % (including acquisition-related amortization)	52%	51%	51%	51%
Research and development	- 14,978	- 29,133	- 11,567	- 22,995
Selling, general and administrative	- 15,207	- 29,576	- 12,240	- 22,255
Other operating income	1,432	2,574	2,000	3,796
Other operating expense	- 25	- 53	- 23	- 48
Result from investments in associates	295	116	- 111	- 418
Result from operations	21,329	39,639	7,623	15,775
Net financing result	- 1,768	- 811	- 606	- 859
Result before tax	19,561	38,828	7,017	14,916
Income tax result	130	110	- 446	- 916
Net result	19,691	38,937	6,571	14,000
Basic / diluted earnings per share in CHF¹⁾	1.87 / 1.77	3.68 / 3.53	0.80 / 0.78	1.74 / 1.70
Basic / diluted earnings per share in EUR	1.56 / 1.48	3.06 / 2.93	0.65 / 0.63	1.37 / 1.34

1) Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Statement of comprehensive income

(unaudited)

EUR thousands	Q2 2012	1st half 2012	Q2 2011	1st half 2011
Net result	19,691	38,937	6,571	14,000
Translation adjustment	12,918	5,173	- 217	- 735
Other comprehensive income	12,918	5,173	- 217	- 735
Total comprehensive income	32,609	44,110	6,354	13,265

Consolidated Balance Sheet
(unaudited)

EUR thousands	June 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents	40,008	51,735
Financial assets	18,681	13,229
Trade receivables	56,721	39,734
Inventories	62,913	58,777
Other receivables and assets	9,315	7,823
Total current assets	187,637	171,297
Property, plant and equipment	122,501	117,196
Intangible assets	225,471	224,310
Investments in associates	6,623	6,295
Deferred tax assets	32,223	32,219
Other long-term assets	7,266	7,241
Total non-current assets	394,084	387,262
Total assets	581,721	558,559
Liabilities and shareholders' equity		
Liabilities		
Interest-bearing loans and borrowings	32,742	9,435
Trade liabilities	28,714	17,069
Provisions	17,166	15,578
Other liabilities	24,860	16,262
Total current liabilities	103,482	58,344
Interest-bearing loans and borrowings	59,971	108,090
Employee benefits	15,089	14,455
Provisions	22,103	21,284
Deferred tax liabilities	18,213	19,423
Other long-term liabilities	3,815	4,792
Total non-current liabilities	119,191	168,045
Shareholders' equity		
Issued capital	33,675	33,425
Additional paid-in capital	196,995	193,581
Treasury shares	- 36,346	- 23,545
Other reserves (translation adjustment)	28,217	23,044
Retained earnings	136,507	105,665
Total shareholders' equity and reserves	359,048	332,170
Total liabilities and shareholders' equity	581,721	558,559

Consolidated Statement of Cash Flows
(unaudited)

EUR thousands	Q2 2012	1st half 2012	Q2 2011	1st half 2011
Operating activities				
Result before tax	19,561	38,828	7,017	14,916
Depreciation (net of government grants)	8,086	16,758	5,875	11,646
Changes in employee benefits	349	633	264	514
Expenses from stock option plan (acc. to IFRS 2)	519	1,038	400	800
Changes in other long-term liabilities	1,215	- 1,026	- 225	- 450
Result from sale of plant of equipment	0	-12	0	0
Result from sale of investments	0	0	0	86
Result from investments in associates	-295	-116	111	418
Net financing result	1,768	811	606	859
Changes in assets	- 16,607	- 22,639	- 1,259	- 3,117
Changes in short-term operating liabilities and provisions	10,914	16,070	3,496	5,265
Tax credit / tax payments	- 668	- 926	23	- 6
Cash flows from operating activities	24,842	49,419	16,308	30,930
Investing activities				
Acquisition of intangibles, property, plant and equipment	- 4,479	- 12,795	- 3,990	- 7,738
Acquisition of financial investments	- 5,000	- 5,000	- 531	- 6,392
Proceeds from the sale of investments	0	0	0	13,047
Interest received	263	613	183	679
Cash flows from investing activities	- 9,215	- 17,182	- 4,337	- 403
Financing activities				
Proceeds from borrowings	1,170	1,601	10,722	11,395
Repayment of debt	- 23,602	- 25,358	- 854	- 2,859
Repayment of finance lease liabilities	-275	-542	0	0
Acquisition of treasury shares	- 9,464	- 14,925	- 2,638	- 4,401
Sale of treasury shares	1,288	2,124	68	308
Interest paid	- 845	- 1,393	- 448	- 712
Expenses from financial instruments	0	0	0	-52
Dividends paid	- 8,095	- 8,095	- 5,287	- 5,287
Changes resulting from capital increase	2,058	2,626	-16	473
Cash flows from financing activities	- 37,764	- 43,963	1,548	- 1,134
Change in cash and cash equivalents	- 22,138	- 11,726	13,518	29,393
Cash and cash equivalents at begin of period	62,146	51,735	38,916	23,042
Cash and cash equivalents at end of period	40,008	40,008	52,435	52,435

Changes in Equity

(unaudited)

EUR thousands (except earnings per share)	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total shareholders' equity
Total equity as of January 1, 2011	26,759	102,624	- 15,276	672	76,240	191,019
Net result	0	0	0	0	14,000	14,000
Comprehensive income	0	0	0	- 735	0	- 735
Share based payments	0	1,218	0	0	0	1,218
Dividend paid	0	0	0	0	- 5,287	- 5,287
Capital increase	55	0	0	0	0	55
Acquisition of treasury shares	0	0	- 4,401	0	0	- 4,401
Sale of treasury shares	0	0	308	0	0	308
Total equity as of June 30, 2011	26,813	103,842	- 19,370	- 63	84,954	196,177
Total equity as of January 1, 2012	33,425	193,581	- 23,545	23,044	105,665	332,170
Net result	0	0	0	0	38,937	38,937
Comprehensive income	0	0	0	5,173	0	5,173
Share based payments	0	3,414	0	0	0	3,414
Dividend paid	0	0	0	0	- 8,095	- 8,095
Capital increase	250	0	0	0	0	250
Acquisition of treasury shares	0	0	- 14,925	0	0	- 14,925
Sale of treasury shares	0	0	2,124	0	0	2,124
Total equity as of June 30, 2012	33,675	196,995	- 36,346	28,217	136,507	359,048

Notes on the Interim Financial Statements June 30, 2012

(unaudited)

1. Accounting principles

The consolidated financial statements of ams Group are based on the accounts of the individual group companies at June 30, 2012. This half year report is consistent with IAS 34. The accounting principles applied in this half year report basically correspond with the reporting policies in the Full Year Consolidated Financial Statements dated December 31, 2011.

2. Segment reporting and revenues

EUR thousands	1st half 2012			1st half 2011		
Business segments	Products	Foundry	Total	Products	Foundry	Total
Revenues gross	174,724	12,622	187,346	97,901	15,121	113,022
Eliminations of inter-segment revenues	-230	-324	-555	0	0	0
Consolidated revenues	174,493	12,298	186,791	97,901	15,121	113,022
Research & development	27,934	957	28,891	23,510	932	24,442
Result from operations	38,459	2,401	40,860	19,808	4,233	24,041
Segment assets	291,502	3,195	294,698	32,742	3,935	36,677

Reconciliation of segment results to income statement

EUR thousands	1st half 2012	1st half 2011
Result from operations per segment reporting	40,860	24,041
Result from investments in associates	159	- 418
Subsidies for research and development	2,415	3,120
Unallocated corporate costs	- 3,795	- 10,969
Result from operations	39,639	15,775
Financial result	- 811	- 859
Result before tax	38,828	14,916

Reconciliation of segment assets to total assets

EUR thousands	1st half 2012	1st half 2011
Assets per segment reporting	294,698	36,677
Property, plant and equipment	104,327	104,754
Inventories	62,913	48,022
Cash, cash equivalents and financial assets	58,689	66,250
Deferred tax asset	32,223	31,768
Investments in associates	6,623	5,885
Intangible assets	5,442	3,110
Other assets	16,807	15,644
	581,721	312,111

Revenues per geographical segments

EUR thousands	1st half 2012	1st half 2011
EMEA ²⁾	62,553	62,945
Americas	8,328	13,190
Asia/Pacific	115,910	36,887
	186,791	113,022

²⁾ Europe, Middle East, Africa

Long term assets per geographical segments

EUR thousands	1st half 2012	1st half 2011
Austria	329,094	111,010
USA	13,780	1
Philippines	4,740	744
Other countries	359	378
	347,972	112,133

Revenues per operation

EUR thousands	1st half 2012	1st half 2011
Revenues from production	177,850	104,769
Revenues from research and development projects	8,941	8,252
	186,791	113,022

Segment information is presented on the basis of the internal reporting structure for the segments “Products” and “Foundry”. The Segment “Products” comprises the development and distribution of analog Integrated Circuits (“ICs”). The segment’s customers are mainly in the Consumer, Communications, Industrial, Medical and Automotive markets. In the “Foundry” segment we report the contract manufacturing of analog/mixed signal ICs based on our customers’ designs.

The geographic segments are structured by the three regions in which sales occur: “EMEA” (Europe, Middle East and Africa), “Americas”, and “Asia/Pacific”.

All segment information is based on IFRS valuation and accounting principles.

The segment “Foundry” contains no unallocated cost and income items, reflecting the internal reporting structure. Unallocated income and expense items are shown in the respective reconciliations of segment measures to the interim financial statements. In addition, process development costs are allocated to the operating segments based on usage. According to the internal reporting structure, the production areas do not represent a separate segment. The services rendered by these areas to the segments are therefore not shown as intersegment revenues.

The segment measure “Result from operations” consists of gross profit, expenses for research and development, expenses for selling, general & administrative as well as other operating income and expenses.

The segment assets in principle comprise the allocable assets, i.e. customer receivables as well as segment specific tangible and intangible assets.

The reconciliations comprise items which by definition are not part of the segments.

3. Number of employees

The average number of employees was 1,256 during the first half of 2012, compared to 1,139 during the first half of 2011.

4. Seasonality, economic cycles

In the past, the results varied from quarter to quarter. It is expected that these variations will continue in the future.

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This report is also available in German. All figures are unaudited.